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FM AMEMBASSY CANBERRA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1424
INFO RUCNAFG/AFGHANISTAN COLLECTIVE IMMEDIATE
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE IMMEDIATE
RUCNIRA/IRAN COLLECTIVE IMMEDIATE
RUEHSV/AMEMBASSY SUVA IMMEDIATE 1529
RUEHBN/AMCONSUL MELBOURNE IMMEDIATE 6285
RUEHBAD/AMCONSUL PERTH IMMEDIATE 4548
RUEHDN/AMCONSUL SYDNEY IMMEDIATE 4508
RHHMUNA/CDR USPACOM HONOLULU HI IMMEDIATE
RHMFISS/HQ USCENTCOM MACDILL AFB FL IMMEDIATE
RHEHNSC/NSC WASHINGTON DC IMMEDIATE
RUEKJCS/SECDEF WASHINGTON DC IMMEDIATE
RHEHAAA/THE WHITE HOUSE WASHINGTON DC IMMEDIATE
RUEHNO/USMISSION USNATO IMMEDIATE 0847
RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 0785

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SUBJECT: U/S BURNS' AUSTRALIAN BILATERAL, APRIL 21, 2009

Classified By: CDA Daniel A. Clune. Reasons: 1.4 (b)(d).

¶1. (C) Summary: Under Secretary Burns held a bilateral meeting with Michael L'Estrange, Secretary of Australia's Department of Foreign Affairs and Trade, on the margins of the Trilateral Strategic Dialogue Senior Officials Meeting (TSD SOM), in Canberra on April 21, 2009. They discussed the strategy for restoring democracy to Fiji, aid to the Pacific Islands, Afghanistan and Pakistan, Iran, Indonesia, Russia, Japan and the Australian Defence White Paper's view of the threat posed by China. End Summary.

FIJI

¶2. (C) Secretary L'Estrange reiterated Australia's concern, expressed earlier in the day at the TSD SOM (septel), over the vacuum caused by Fijian leader Bainimarama's coup and subsequent estrangement from other democratic countries. L'Estrange said Bainimarama was prepared to break all the rules and was willing to sell himself to the highest bidder, alluding to China's efforts to exploit the situation. Australia wanted to press the other Pacific Island (PI) nations to take a hard line against Bainimarama but the islands feared recriminations, given their strong linkages to, and reliance on, Fiji as the major power in the Oceania region. He disclosed that Prime Minister Rudd and New Zealand Prime Minister Key had sought to reassure the PI leaders that Bainimarama likely would not crack down on them, and had offered assistance in the event he did so. In addition to the political crisis, L'Estrange added, there was a serious problem with Fiji's banks, with a looming capital crisis that was expected to hit hard in the August-October time frame.

¶3. (C) L'Estrange worried that the current situation was "all sticks and no carrots," stressing the importance of holding out incentives as well as disincentives to encourage Bainimarama to return to the democratic fold. Bainimarama needed to see that there was an economic/development benefit, not simply a political benefit, for restoring democracy. L'Estrange reiterated his belief that Fiji would be expelled from the Pacific Island Forum (PIF) at its June meeting,

14. (C) Secretary L'Estrange suggested suggested the high
Q4. (C) Secretary L'Estrange suggested suggested the high
value Fijian culture placed on international military
deployments could be another point of leverage. Australia
and New Zealand already oppose deploying Fijian soldiers in
any new UN peacekeeping deployments, and had urged the UK to
end its practice of recruiting Fijians to serve in the
British military. FM Smith hoped to have an opportunity to
discuss the issue of Fijian peacekeepers with Secretary
Clinton in the lead-up to the post-PIF Ministerial.

Pacific Island Development

16. (SBU) Secretary L'Estrange outlined PM Rudd's Pacific Partnership for Development initiative, an assistance program with parallels to the U.S. Millenium Challenge program. He said Australia wished to consult with major donors, including the United States, New Zealand and France, to develop an arrangement for maritime security and fisheries that would complement the development program. He noted French Calendonia was hosting a France-Oceania Summit in late July, which French President Sarkozy would attend after a one-day stopover in Australia. L'Estrange added Australia had urged France not to invite Bainimarama.

17. (C) U/S Burns reiterated U.S. gratitude for Australia's contributions to date in Afghanistan and expressed appreciation for its continuing efforts to identify further inputs. He also welcomed Foreign Minister Smith's announcement of a doubling of Australian assistance to Pakistan at the April 17 Tokyo Donors Meeting. U/S Burns and Secretary L'Estrange discussed the worrisome situation in Pakistan, including its fragile relationship with India. U/S Burns described U.S. interest in defusing tensions between the two countries, but acknowledged there were limits to what the United States could do bilaterally. He shared L'Estrange's deep concern that another terrorist attack, such as happened in Mumbai, would provoke a hair-trigger reaction.

18. (C) U/S Burns thanked Australia for its help on Iran, in particular the advice and assistance from Australia's embassy in Tehran. L'Estrange noted that Foreign Minister Smith met Iranian Foreign Minister Mottaki on April 17 and conveyed a strong message.

19. (C) L'Estrange alluded to Australian press stories that sought to highlight differences between the Australian Department of Defence and the intelligence community on the nature of the military threat posed by China, and claimed

changes to the U.S. defense budget recently announced by Secretary Gates were based on a perception of a diminished Chinese threat. L'Estrange dismissed the media speculation, explaining the Australia press tended to view the Defence White Paper as either pro-China or anti-China.

REGIONAL ARCHITECTURE: ASIA-PACIFIC COMMUNITY (APC)

¶10. (C) L'Estrange said PM Rudd strongly believed in the APC concept. Singapore remained leery, however, fearing it could erode ASEAN's dominance. The Prime Minister had planned to personally reassure the Singaporean prime minister on that point at the East Asia Summit meeting in Thailand, but political instability there had forced the cancellation of the meeting. U/S Burns acknowledged that current regional architecture did not meet everyone's needs. The United States had not arrived at a position but would keep an open mind, he told L'Estrange.

INDONESIA

¶11. (C) Secretary L'Estrange, noting he had been encouraged by the discussion on Indonesia at AUSMIN, urged the United States to increase its mil-mil engagement with Indonesia, including with Kopassas. Kopassas was "going in the right direction," he said, and could be a powerful force for good. He acknowledged there had been problems with Kopassas in the past but suggested turnover of personnel had removed most of the bad elements. L'Estrange reviewed Australia's strong bilateral relationship with Indonesia, remarking that

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disagreements that would have derailed the relationship only two years earlier, were dealt with easily today. Indonesia continued to have problems with corruption and Papua, but President Yudhoyono was displaying good instincts in his handling of them. L'Estrange reiterated his belief that Yudhoyono would be re-elected.

RUSSIA

¶12. (C) U/S Burns discussed the new U.S. approach to Russia, expressing optimism that a post-START agreement could be reached by the end of the year, if no bilateral difficulties derailed the process. He cautioned that, while an agreement was possible, ratification by Congress would not likely occur by year's end.

JAPAN

¶13. (C) Secretary L'Estrange expressed frustration at the difficulties Australia had experienced getting Japan to cooperate on counterterrorism. Australia was currently negotiating a general security of information agreement with Japan, as there was no mechanism to criminalize leaks. Australia also had concluded a Joint Security and Defence Statement, but the constant turnover of ministers in Japan made sustained progress difficult. L'Estrange said the bilateral dispute over whaling had the potential to damage Australia-Japan ties. Australia wanted to fence off the issue from other aspects of the relationship, but PM Rudd had made an election promise and the issue was coming to a head. FM Smith had discussed the issue with Secretary Clinton on the margins of AUSMIN.

CLUNE